NATIONAL ASSOCIATION OF Manufacturers

National Association of Manufacturers
733 10th Street NW
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November 19, 2025

The Honorable Mike Crapo
Chair
Committee on Finance
United State Senate
Washington, DC 20510

The Honorable Ron Wyden
Ranking Member
Committee on Finance
United State Senate
Washington, DC 20510

Re: Senate Finance Committee November 19, 2025 Hearing: "The Rising Cost of Health Care: Considering Meaningful Solutions for all Americans"

Dear Chair Crapo and Ranking Member Wyden,

On behalf of the National Association of Manufacturers and the 13 million people who make things in America, thank you for holding today's Senate Finance Committee hearing titled, "The Rising Cost of Health Care: Considering Meaningful Solutions for all Americans."

The NAM is the largest manufacturing association in the United States, representing small and large manufacturers in every industrial sector and in all 50 states. Manufacturers have a deep commitment to providing health benefits to their workers, even as rising health care costs remain a top challenge for the industry. Sixty-five percent of manufacturers cited health care and insurance costs as their primary concern in the NAM's most recent Manufacturers' Outlook Survey.[1] Despite this challenge, 95% of manufacturing employees are eligible for health insurance benefits, 80% of whom participate, which underscores the urgent need for action to reduce health care costs for manufacturers and manufacturing workers alike.[2]

Employer-sponsored insurance (ESI) is the bedrock of the United States' health care system, covering over 160 million people. In 2023, the NAM released a study, *Manufacturers on the Front Lines of Communities: A Deep Commitment to Health Care*, which took an in-depth look at the progress made by manufacturers in offering ESI, as well as the challenges they continue to face.[3] The study found that manufacturers provide health care benefits so they can effectively attract and retain employees, to maintain a healthy and productive workforce, and because they believe it is the right thing to do for their workers. Manufacturers are committed to continuing to offer health insurance to their employees, but substantive, bipartisan reforms are needed to realign our health care system to put patients first and reduce costs for companies, workers, and their families.

[1] National Association of Manufacturers, Q3 2025 Manufacturers' Outlook Survey (September 16, 2025). Available at https://nam.org/wp-content/uploads/securepdfs/2025/09/NAM_Q3_2025_Outlook_Write_Up.pdf.
[2] Kaiser Family Foundation, *2025 Employer Health Benefits Survey* (Oct. 22, 2025). Available at https://files.kff.org/attachment/Employer-Health-Benefits-Survey-2025-Annual-Survey.pdf
[3] National Association of Manufacturers, *Manufacturers on the Front Lines of Communities: A Deep Commitment to Health Care* (July 2023). Available at https://documents.nam.org/IIHRP/2023%20Health%20Care%20Reportsingles.pdf.

Manufacturers recommend Congress take the following actions to lower the high costs of health care:

- Reform Pharmacy Benefit Managers (PBMs): As you both know, PBMs are underregulated middlemen that design, negotiate, and administer prescription drug benefits on behalf of health insurance companies and employers that self-fund health insurance plans for their employees. PBMs contribute to the skyrocketing cost of health care by tying patient cost-sharing to list prices, pocketing manufacturer rebates, and obscuring their concerning business models. Manufacturers are grateful for your leadership in bringing much-needed reforms to PBMs' business practices and their impact on manufacturers' rising health care costs, and we strongly support the Finance Committee's efforts to get PBM reform across the finish line. Last Congress, the Finance Committee approved on a bipartisan basis the Modernizing and Ensuring PBM Accountability Act, which included important reforms that would increase transparency into these powerful actors and reduce their incentive to drive up health care costs by delinking their compensation from what government health care programs pay for a treatment. The NAM continues to support this Finance Committee bill, and we look forward to working with the Senate on PBM reforms that would increase transparency, delink PBM compensation from the list price of medicines, and provide full rebate passthrough to the plan and its beneficiaries in the commercial market.

- Improve Data Transparency and Accessibility: Administering high-quality, affordable health plans requires the collection and analysis of massive amounts of data, a task to which manufacturers dedicate significant resources. It is thus important that employer plan sponsors have user-friendly access to their complete data in order to make informed choices about their plan's operations. Transparency, specifically price transparency, also benefits manufacturing employees' experience in the health care system and enables them to make more informed decisions. Additional transparency mechanisms would improve beneficiaries' experiences.

- Reform the 340B Program: The 340B program has rapidly and massively expanded beyond its intent to provide lower cost medicines and expand care for low-income and underserved patients. Covered entities have taken advantage of the program to increase their profits, which has become a cost driver of ESI. The 340B program allows participating hospitals to charge patients' insurance the full list price (without rebates) for drugs acquired at 340B prices, which results in patients and employers paying more and hospitals keeping the spread. The expansion of this program was associated with approximately $23 billion in additional employer-based healthcare expenses in 2023, of which employees paid about $4.5 billion per year in added insurance premiums.[4] An IQVIA study found that the 340B program increases drug costs for self-insured employers and their workers by 4.2% due to the manufacturer rebates that are lost when drugs are purchased at the 340B discount price.[5] This corresponds to a $5.2 billion increase in healthcare costs for self-insured employers and the 103.4 million workers they employ.[6]

- Strengthen ERISA: ERISA underpins manufacturers' ability to provide health insurance to their employees. The law allows manufacturers to provide uniform, yet tailored, benefits to workers across multiple states. However, the complexities and bureaucracy of the health

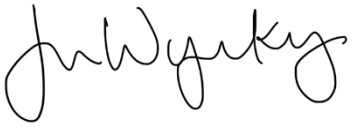
[4] National Pharmaceutical Council, The 340B Drug Purchasing Program and Commercial Insurance Premiums. Available at https://www.npcnow.org/sites/default/files/2025-05/340B%20and%20Employer%20Costs%20White%20Paper.pdf
[5] IQVIA, The Cost of the 340B Program Part 1: Self-Insured Employers. Available at https://www.iqvia.com/locations/united-states/library/white-papers/the-cost-of-the-340b-program-part-1-self-insured-employers
[6] Ibid.

care system are major challenges for manufacturers. These challenges can be addressed through improvements to the current public-private health care system. Reforms that ease regulatory burdens would lower costs and improve the quality of care for manufacturers and manufacturing workers.

- Protect ERISA's Federal Preemption: ERISA's federal preemption of state and local laws and regulations is essential to the operation of ESI, as it allows multi-state employers to design and administer uniform benefits to all employees, regardless of the states in which they reside. Eroding or eliminating preemption would force manufacturers to comply with a patchwork of cumbersome and potentially conflicting state-based rules, a costly and untenable situation.

Manufacturers appreciate the Committee's timely consideration of solutions to bring down the rising cost of health care. The NAM looks forward to continuing to work with the Committee on this critical issue so manufacturers can continue to offer health insurance to their workers and attract and retain the skilled workforce the industry needs to power the American economy.

Sincerely,



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